GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1541
ANSWERED ON:14.03.2005
TAX REBATE ON COSTLY DRUGS
Athawale Shri Ramdas

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the drugs used for the treatment of HIV/ AIDS and Kidney transplantation are too costly;

(b) if so, whether these drugs become more costlier due to the duties imposed at various levels;

(c) if so, the Government has received any request to provide some tax rebate on the above drugs;

(d) if so, the details thereof; and

(e) the action taken thereon?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL (SHRI RAM V1LAS PASWAN):

(a) to (e) The 74 bulk drugs specified in the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO,95) and the formulations based thereon are under price control and their prices are fixed/revised by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO, 95. These drugs have been identified for inclusion under price control in the DPCO,95 on the basis of criteria mentioned in the `Modification in Drug Policy, 1986, announced in September, 1994. These criteria take into account the extent of usage and the market competition of various drugs.

Prices of non-scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected.

The market for anti-HIV/AIDS drugs in trade channel is not significant and is about Rs. 38.23 crores in the year ending December, 2004 as per ORG IMS which is 0.19% of total market (Rs. 20,499 crores). The analysis of the prices of anti-HIV medicines having Maximum Annual Turnover (MAT) value of more than Rs. 1.00 crore from December, 2000 (as per ORG IMS) shows that either the prices have remained constant or there is reduction in prices. The annualised reduction in prices ranges between 4.28% to 22.71%.

The Government have exempted from custom duty all the drugs appearing in List 4 of Custom Notification No. 21/2002 dated 1.3.2002, as amended. These drugs have also been exempted from excise duty vide Excise Notification No, 6/2002 dated 1.3.2002, as amended.

These drugs include some of those used in the treatment of HIV/AIDS and Kidney Transplantation.